

**Written Testimony of Representative Scott Peters (CA-52)**  
**Make It in America: What's Next?**  
**PANEL 3: American Innovation**

Thank you Mr. Hoyer for convening this hearing and for providing me with the opportunity to briefly discuss the thriving innovation ecosystem that I represent in San Diego and ways Congress can help the innovation economy grow here in America.

San Diego is home to an unparalleled system of University research centers, military technology and cybersecurity development, medical device manufacturers, and hundreds of other biotechnology, pharmaceutical and life science labs and companies.

According to the San Diego Regional Economic Development Corporation, our region's innovation ecosystem employs 138,000 San Diegans. The research institutions alone have a \$4.6 billion economic impact as part of the \$14.4 billion scientific research and development cluster. And our life sciences cluster is usually listed as the second largest, behind only Boston.

The University of California at San Diego receives more than \$1 billion in research funding annually for groundbreaking scientific research for efforts including HIV and AIDS prevention and treatment, cures for cancers and degenerative diseases, and more.

We're home to three of the top 10 research institutions in terms of funding from the National Institutes of Health (NIH) and have three more in the top 50.

The region is also at the cutting edge of innovative cures: a San Diego company developed some of the first and most-effective drugs used to combat Ebola, and much of these research studies continue to be funded by the Defense Advanced Research Projects Agency (DARPA).

We know that life science workers have high-quality jobs with average wages over \$100,000, allowing them to recruit a highly-educated workforce to our communities. These researchers in turn are developing medicines, treatments, and therapies to save lives, lower healthcare costs, and improve the quality of life for millions of people. And they're doing that here in America, not in a lab in England, Israel, China, or Brazil.

We have to be working on a bipartisan level to reduce duplicative regulatory burdens, repeal harmful excise and trade taxes, and speed up the approval process at the FDA so that we can safely get these drugs and devices to market. Patients in our competitor countries are often able access these items months or years before they can here in the United States, putting our country at a competitive disadvantage and dis-incentivizing investment here in America.

One scientist, Dr. Craig Venter, who has started the pioneering Venter Institute, started at the NIH, was the first to sequence the human genome, and continues to utilize federal funding for his research. His new institute employs 400 people, including several Nobel laureates who are continuing the expanding work in genomics and have also delved into synthetic biology and clean energy research.

As the Co-Chair of the Congressional Algae Caucus, yes it exists!, I would be remiss if I didn't mention the renewable energy work being done in algae biofuels in San Diego, along with both public and private research

on energy efficiency, smart grids, and municipal solid waste methane capture. Our burgeoning Cleantech sector boasts average wages of \$87,000 – and we know that growing these industries depends in part on government support for worker training and a commitment from public entities to renewable energy, as we’re already seeing and as I am trying to support in the Department of Defense.

San Diego has also been a long-time hub for telecommunications and technology development. The largest private employer in my district is Qualcomm, and several large companies have been pivotal in the growth of our nation’s commercial and defense satellite industries that support a range of services from wifi on the airplane to a global communications network for our military, ensuring a steady stream of information in the event of a natural disaster or terrorist attack on traditional communications.

Now, as we look for specific actions Congress can take to support these job-creating industries I have a few ideas. First we must increase funding for scientific research grants, specifically at NIH. Funding for NIH, even with the 21st Century Cures Act earlier this year is not keeping pace with inflation, and our competitors in China and Europe are investing more heavily than we are – threatening our ability to keep talent here in the United States.

Second, as I alluded to earlier, we must find a bipartisan way to expedite the FDA approval process. Third, we need to ensure that there is incentive for private investment in ideas by allowing inventors to protect their intellectual property. That happens through a strong patent system that rewards innovators.

Fourth, I continue to advocate for a repeal of the Medical Device Tax. <sup>1</sup>Small medical device companies in my district continue to tell me how this tax on profits – not on sales – is harming their ability to grow, makes manufacturing their products outside the US more attractive, and is decreasing investment in R&D.

Lastly, we need to pass bipartisan immigration reform and update our outdated and uncompetitive visa program. When we educate the best and brightest in the world here in the United States at our world-renowned universities, we should keep those graduates here in America so that they can start the next Google or Facebook in this country not in Japan or India.

As I’ve said before, Washington, D.C., is not the type of environment that generates tomorrow’s solutions or spurs innovation – we need to utilize the expertise of the entrepreneurs, manufacturers, and community leaders who are driving innovation across our country.

Thank you again for the time to speak.

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<sup>1</sup> Statistical references courtesy of San Diego Regional Economic Development Center.